

**St. Mary Rehabilitation Working Group**  
**10:00 – 3:00, Aug. 25th, 2004**  
**Chinook Motor Inn, Chinook, MT**

**Welcome and Opening Remarks:** Members present: Randy Reed (Co-Chair), Paul Azevedo, Kevin Salsbery, Marko Manoukin, Paul Tuss, Gary Anderson, Max Maddox, Randy Perez, Mike Tatsey, Mike Barthel, Dave Peterson, Dolores Plumage and Matt McCann. Absent: Lt. Governor Ohs, Larry Mires, Steve Page and John Lacey. Ex-officio members present: Kay Bladder (MRJBC), Sarah Converse (Senator Burns), and Kim Falcon (Senator Baucus).

Randy Reed chaired the meeting in the absence of Lt. Governor Ohs

**Review of last Meeting Notes:** Notes from July 26 meeting in Havre were approved with no changes.

**Presentation and Discussion with Gubernatorial Candidate Bob Brown:**

- On July 14, Lt. Governor Ohs invited gubernatorial candidates Bob Brown and Brian Schweitzer to attend today's meeting to hear from Working Group members about the critical need to rehabilitate the aging St. Mary Facilities. With the upcoming change in administrations in Helena, Working Group members feel it is important that rehabilitation of the St. Mary system receive the same high level of support from the next administration as the project has been given by the current administration. Secretary of State Bob Brown met with members of the Working Group. Brian Schweitzer was unable to attend due to a previous commitment.
- Randy Reed (Co-Chair) stressed that the St. Mary Rehabilitation Working Group is non-partisan and would not be endorsing either candidate. Working Group members feel that rehabilitation of the St. Mary Facilities transcends politics, and they will be seeking to build support for the project from the next governor, regardless of which candidate is successful. All information presented to Bob Brown will also be given to Brian Schweitzer.
- Paul Azevedo (DNRC's State Coordinator for St. Mary's) gave a short PowerPoint on the St. Mary Rehabilitation Project.
- Randy Reed (Irrigator), Mike Tatsey (Blackfeet Tribe), Mike Barthel (Walleyes Unlimited), David Peterson (City of Havre), and Randy Perez (Tribes of Ft. Belknap) added comments regarding their personal involvement in the project and the impact it would have on those they represent.
- Bob Brown thanked the Working Group for their invitation and made the following comments.
  - o Secretary Brown felt it was unthinkable that the St. Mary Facilities deteriorate so far. He felt the whole state benefits from the system, and Montana has to restore the project even if the federal government doesn't.
  - o Secretary Brown said he plans to make it a priority to get some money to oversee the project engineering. He felt that with bi-partisan support in the

next legislature, it might be possible to use money from the Coal Trust Fund to support the project.

- Matt McCann asked if the Working Group might find a sponsor and submit some empty bills/place holders to address possible unnamed circumstances.
- Related Information: Paul Tuss reported on the informal meeting he, Randy Reed, and Gary Anderson had with candidate Brian Schweitzer at the office of Bear Paw Development in Havre. The message received from candidate Schweitzer was that he supports this project and would back it if elected.

### **Updates & Progress Reports:**

- **International Joint Commission Meeting – Rich Moy:**
  - o Thanked all the Working Group members who attended the IJC meeting, especially Larry Mires, Randy Perez, and Mike Tatsey. Blackfeet Tribal Elder Earl Old Person provided very good comments at the meeting in Lethbridge, Alberta. Rich felt that “Arguments from Montana came from the heart; arguments from Canada came from the pocketbook.”
  - o Lethbridge meeting was tough; Southern Alberta irrigators are well organized. They produced a very nice publication called ‘Sharing The Waters’, and wine and dined the IJC Commissioners.
  - o Rich felt the odds were against the IJC opening the 1921 Order at this time. However, he felt they would issue a “Reference” calling for a study of Montana’s concerns with the 1921 Order.
  - o Rich will be drafting a letter for the Governor’s office regarding setting up a joint partnership to study Montana’s concerns.
- **Executive Committee:** Executive Committee held a teleconference call with DNRC on August 11. Participants from Executive Committee were Steve Page, Paul Tuss, Mike Tatsey, Matt McCann, and Randy Reed. Dolores Plumage was unable to participate. Participants from DNRC were John Tubbs and Paul Azevedo
  - o Executive Committee sent a letter to Joint Board of Control requesting their members to increase their support of the project to \$1/acre.
  - o Steve Page drafted a similar letter to holders of pumping contracts and state permits. Working Group approved the letter. DNRC will provide mailing labels.
  - o Discussed success of getting local folks to contact their representatives in D.C. about support for the St. Mary appropriations request. We appear to be making some progress, but there is more work to do.
  - o Discussed need for Working Group to hire an in-basin coordinator for the project. DNRC sent ideas on a position description to Paul Tuss.
  - o Discussed process for hiring an engineer to start reviewing available information on project.
- **Outreach Subcommittee:**
  - o Gary Anderson gave update and stressed need for more public support. He has an urgent need for brochures and PowerPoint presentation. Coordination of materials and message is essential to the outreach efforts.

- o Ginger Maddox related her efforts in the Blaine County Journal to keep the issue in the public eye by writing regular stories and updates.
- o Paul Azevedo has been asked to address the morning chapter of the Great Falls Rotary Club in late September.
- o Rep. Musgrove has started a petition. He collected 140 signatures at the Hill County fair. Paul Tuss will get this information sent out with a cover letter to the congressional delegation and Governor's office.

- **Funding Subcommittee:**

- o Current funding status:

Source	Amount received
Communities & Counties	\$40,800
Joint Board of Control	\$50,000
Walleyes Unlimited	\$12,300
<b>Total</b>	<b>\$103,100</b>

- o Paul Tuss confirmed the following contributions have been received at Bear Paw Development Corp.: Blaine County (\$5,000) and City of Chinook (\$2,000).
  - o John Tubbs recognized contributions from Walleyes Unlimited on behalf of recreation and efforts of Working Group members talking to city and county governments.
  - o John strongly stressed the need to go after state funding proactively.
  - o Paul Azevedo will send thank you letters to all communities, counties and organizations that have pledged money to the rehabilitation effort.

- **Engineering Review Subcommittee:**

- o On July 26, DNRC released an RFQ (request for qualifications) for multi-disciplinary, professional engineering services for the rehabilitation and replacement of the St. Mary Diversion Facilities. Deadline for interested companies to submit an SOQ (statement of qualifications) was August 26.
  - o SOQs will be reviewed and ranked. There was a lengthy discussion on the role the Working Group's engineering review subcommittee would play in the review/ranking process.
  - o Since this first contract for engineering services will be between the State and the selected firm, legal liability will lie with the State. Therefore the ultimate decision on selecting the most qualified firm must belong to the State. As Dolores Plumage noted, this effectively limits the Working Group review committee to providing a recommendation to the State.
  - o John Tubbs presented two basic options for the Working Group to choose from. Option 1: DNRC could review/rank all the SOQs and report back with a shortlist of firms. Option 2: Working Group review committee could participate knowing they would only be making a recommendation to DNRC. Option 1 may be more efficient, but it denies the Working Group an opportunity to build some capacity for future efforts.

- o Mike Barthel suggested and Dave Peterson made a motion that State engineers select a shortlist of qualified firms, and the Working Group's Engineering review committee will endorse their choice.
  - o Randy Perez could not support the motion because he felt that it would be good experience for all members of the review committee to go through the review process.
  - o Motion was made to have the Working Group's review committee participate in the review and ranking process knowing they would only be able to provide a recommendation to State. This motion passed by consensus of all Working Group members present.
- **Federal Appropriations Request and Other Legislative Issues – John Tubbs:**
  - o John Tubbs stated there is no realistic expectation the entire \$9.5 million requested from Congress is going to come through. He hopes the number is not zero. Need to keep the push on delegates through public support to gain attention for appropriations/funding.
  - o Randy Reed asked if Congressional Delegation has been formally invited to tour the facility. Paul Azevedo will go through the Lt. Governor's office to issue a request to delegates and/or their chiefs-of-staff. Reclamation needs to be involved in these discussions as it is their facility. Security issues need to be addressed that may allow a tie into Homeland Security/ Dam Safety.
- **Meeting between USBR, DNRC, Blackfeet Tribe and Tribes of Ft. Belknap**
  - o Representatives from USBR and DNRC held a conference call on August 17. Jeanne Whiteing represented the Blackfeet Tribe. Randy Perez with Ft. Belknap did not participate.
  - o USBR and State are still trying to find a date to meet with new Blackfeet Tribal Council in Browning.
  - o USBR, BIA, and Blackfeet are still working on right-of-way issues.
  - o USBR provided DNRC with two copies of geotechnical report from the North Central Montana Regional Feasibility Study. One of those copies will be given to the JBC.
  - o Blackfeet Tribe and USBR are working on a separate MOU. USBR has submitted a draft, but the Tribe had not seen it yet.
  - o Discussed RFQ the state has put together. USBR and DNRC follow very different processes for hiring contractors. This makes it difficult for Reclamation to provide detailed comments.
- **St Mary System operation update – Dick Long:**
  - o Capacities as of August 24<sup>th</sup>, 2004.

<b>Lake Sherburne</b>	33,200-ac./ft. cap.
In flow	300 cfs
Out flow	580 cfs
<b>Siphon inlet</b>	590 cfs
<b>Fresno Reservoir</b>	38,100-ac./ft. cap.
In flow	500 cfs
Out flow	670 cfs

- o Leaky left barrel repaired, work completed on July 27<sup>th</sup>. As of August 2<sup>nd</sup> canal was at full capacity.
  - o Field crew will start replacing eight (8) expansion/contraction joints on St. Mary River siphon this fall.
  - o Inspections of drop structures in 2003 raised concerns with integrity of concrete in chute floors. Concern water may get under floor and destroy structure. Reclamation field crews plan to totally replace chute floor of drop #3 this fall. Cost of labor and material will be charged to Project (i.e. irrigators).
  - o Fresno dam work to be done in early October after dewatering. DCI services of Pasco, WA, will be doing the work. Bid amount for this contract was \$226,126.
  - o Reclamation regional office is scheduling a special examination of facilities this fall to determine most critical issues.
  - o Alternate/backup person for Bureau of Reclamation is Ed Hedlum, manager of Marias – Milk River Field Station at Tiber Dam.
  - o Dan Jewel has been selected as Reclamation's new Montana Area Manager. Jamie Macartney will go back to regional office continuing work on Milk River project.
  - o Mike Tatsey stated the Blackfeet Tribe has concerns with the U.S. Fish and Wildlife Service's designation of critical habitat for bull trout. Tribe supports protection of bull trout, but opposes the designation due to no formal consultation with Tribe. Blackfeet Tribe needs to be allowed to come up with a tribal management plan for bull trout.
- **Public Comment:**
    - o Sarah Converse from Senator Burns' office relayed that their offices were receiving one call every five minutes the week of August 16<sup>th</sup> –22<sup>nd</sup>. It is important that any contacts made to Congressional offices be complete. In phone calls, emails, or letters be sure to include your name and address. It helps if letters are legible.
    - o Gary Anderson asked Reclamation for clarification on cost of rehabilitation. He has been telling people cost will range from \$80 - \$125 million. Did those figures come from Reclamation? Dick Long was not sure about the \$125 million. Based on 2002 figures, Reclamation believes the range is \$90 - \$100 million, but limits scope of work to Reclamation-owned facilities and maybe some work to address Blackfeet environmental issues. Paul Azevedo was fairly certain cost range of \$75 – \$125 million came from Reclamation's North Central Montana Alternatives Scoping Document (March 2003). Range based on size of canal from 500 cfs to 1000 cfs. Paul cautioned that cost figures in Alternatives Scoping Document are "appraisal level" (i.e. rough estimate).
    - o Jamie Macartney (Reclamation) mentioned some concerns that Reclamation has with the process the State & Working Group are going through to seek an appropriation from Congress. Jamie felt that seeking an appropriation is really the second step of a two-step process. The State & Working Group should be

seeking a change in authorization before seeking an appropriation. As it stands now, any money appropriated to Reclamation for rehabbing St. Mary's will be charged right back to the project beneficiaries (i.e. irrigators). The project beneficiaries would most likely agree that a change in authorization is what is needed first. Without Congress directing how future funds are to be reimbursed, you have to be careful about asking for an appropriation.

- o Jamie went on to state that authority to work on the St. Mary Facilities lies solely with Reclamation. The State of Montana has no authority to effectuate change to the facilities at this point in time. By looking for a third-party engineering firm now, the State and Working Group are moving forward based on what they think might happen in the future. Without a change in authorization, the State will be hiring an engineering firm to do little more than provide recommendations to the Working Group.
- o Sarah Converse (Senator Burns' Office) stated that a lot of Reclamation's concerns would be addressed in final legislation. Congress will tell Reclamation how to spend the money. Legislation will specifically state that the funds will be nonreimbursable and are to be passed through to the State and Blackfeet Tribe.
- o John Tubbs stated it was really a three-step process. We are only at the first step, which is to get some money together to developing a plan to reauthorize the project (Step 2) and then get an appropriation for the construction (Step 3).
- o Sara Converse suggested it would be better to use the term earmark rather than appropriation. The money is appropriated, but this will be a specific earmark on how the funds are to be spent.
- o Jamie remarked that funds earmarked for St. Mary's will come directly out of Reclamation's budget. Their budget will not be increased by the amount earmarked for St. Mary's. If that is the case, the Working Group can expect the Administration (Reclamation) to testify against the legislation when it comes before the Appropriations Committee. It is not that Reclamation does not see the importance of the project, but they will not be able to support a direct hit to their budget to pay for it.
- o Randy Reed asked about progress on Reclamation's cost allocation review study. Jamie responded that progress is slower than anticipated. Reclamation has sent out letters to the eight irrigation districts asking them to provide some financial information on O&M cost. Harlem Irrigation District responded right away, but they are still waiting for some of the others. Reclamation would appreciate any help in getting the information submitted to their office as soon as possible. Proper term is "current use cost allocation for operation and maintenance." Study will not be as complete as Reclamation would like because some of the information is very hard to quantify (i.e. benefits to recreation and hunting). Jamie said study would be completed this year.
- o Gary Anderson asked if the concept of a citizens' group working with Reclamation to get a project rehabilitated was a new one or something Reclamation has experienced before. Jamie Macartney was not sure how new the idea was and went on to explain original reclamation concept. Original

idea in 1902 (birth of Reclamation Service) was to create a reclamation fund that would be used to build irrigation projects. Beneficiaries of those projects would pay back all capital expenditures in 10 years. Floyd Dominey (former head of Reclamation) testified before Congress in the 1950's that the Milk River Project really needed an 80 – 100-year repayment period. There is a disconnect between assumptions of 1902 and reality in the Milk River Basin today. Prosperity has not flowed to the basin. The Milk River Project has become the lifeblood of the Hi-line, but it does not generate enough revenues to support the O&M costs. Reclamation has become more sophisticated over the years in how they determine the cost/benefit of building an irrigation project. The Milk River Project is in a difficult situation. Irrigators are in a bad situation because they are stuck with a project they cannot afford. On the other hand, they are in a great situation because they have a project that never would have been built in the 1950's or '60s.

- o John Tubbs – State differs dramatically with Reclamation on this point. It is not about whether or not the Milk River Project should have ever been built. It's about how we rebuild the Project. Reclamation has made a conscious decision not to change the 1902 paradigm. They have chosen not to identify all the other benefits of the project (i.e. flood control, recreation, fisheries, tribal, international, etc.). Reclamation has maintained the mindset that it is a sole purpose irrigation project. That is why the State of Montana is at the table and Reclamation isn't. We (the State) cannot say the project was never built, we cannot afford to lose it and we are going to get it reconstructed. Reclamation has shown no leadership in addressing the need to change the project authorization from a single-use irrigation project to a multiple use project. Commissioner of Reclamation can request legislation to change the authorization, but he has elected not to. Leadership for that change is coming from the local level of the basin. The State of Montana is at the table to build the capacity of local leadership.
- o Erling Juel spoke on the need for doing a hardcore economic study on the benefits of the project. Solid facts and figures will lend credence to the phrase "Lifeline of the Hi-line."
- o Jamie Macartney – Reclamation is concerned that some of the engineering firms responding to DNRC's RFQ have been making unannounced visits to the St. Mary site. When this happens, Reclamation staff onsite have to stop what they're doing to investigate why someone is snooping around and asking a lot of questions. Reclamation requested that tours and/or inspections of facilities be cleared through them beforehand.
- o Dolores Plumage has been approached by several of her constituents who want to know more about Tribal issues with the rehabilitation project. Dolores does not know about the Tribal issues herself and would like to learn more about them. She suggested that Tribal representatives give an update at each meeting.
- o John Tubbs suggested there are plenty of opportunities for the Working Group and Tribes to support each other's issues. Working Group could have supported Blackfeet on USFWS critical habitat listing for bull trout. Mike

Tatsey agreed and suggested that the Tribe could have supported irrigators on their grant application to do some concrete patchwork on Sherburne dam. John felt the groups' just need to get better at working with each other.

**Review Action Items:**

- Paul Tuss will get copies of petitions from Rep. Musgrove and send them to D.C. and Lt. Gov. He will draft a cover letter to accompany them.
- Steve Page will send letter to contract pumpers.
- Send out thank you notes to organizations that have donated funds. Paul will draft letters to be sent out by Lt Gov on behalf of Working Group.
- John Tubbs will work with Dave Peterson on method if including information about the St. Mary project in monthly water statements.
- Start to develop strategy for approaching 2005 legislative session.
- Develop short list of engineering firms.
- Paul Azevedo will draft a letter for Lt. Governor Ohs asking Congressional Delegates to visit the St. Mary site.

**Location and agenda items for Sept. 29<sup>th</sup> Meeting:** Malta was chosen as the next meeting location. Paul Azevedo suggested the Tin Cup Restaurant at Marion Hills golf course as possible location. Paul will post that information and email Working Group members when details are finalized.

**Meeting Adjourned @ 4:05pm**